

109TH CONGRESS
2D SESSION

S. 3959

To amend the Internal Revenue Code of 1986 to exclude from gross income certain combat zone compensation of civilian employees of the United States.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 27, 2006

Mr. WARNER (for himself and Mr. ALLEN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income certain combat zone compensation of civilian employees of the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Federal Employee
5 Combat Zone Tax Parity Act”.

6 **SEC. 2. EXCLUSION FROM GROSS INCOME FOR CERTAIN** 7 **COMBAT ZONE COMPENSATION OF CIVILIAN** 8 **EMPLOYEES OF THE UNITED STATES.**

9 (a) IN GENERAL.—Section 112 of the Internal Rev-
10 enue Code of 1986 (relating to certain combat zone com-

1 pensation of members of the Armed Forces) is amended
 2 by redesignating subsections (c) and (d) as subsections (d)
 3 and (e), respectively, and by inserting after subsection (b)
 4 the following new subsection:

5 “(c) CIVILIAN EMPLOYEES.—

6 “(1) IN GENERAL.—Gross income does not in-
 7 clude so much of the compensation as does not ex-
 8 ceed the maximum amount specified in subsection
 9 (b) for active service as an employee of the United
 10 States for any month during any part of which such
 11 employee—

12 “(A) served in a combat zone, or

13 “(B) was hospitalized as a result of
 14 wounds, disease, or injury incurred while serv-
 15 ing in a combat zone; but this paragraph shall
 16 not apply for any month beginning more than
 17 2 years after the date of the termination of
 18 combatant activities in such zone.

19 “(2) DEFINITIONS.—For purposes of this sub-
 20 section—

21 “(A) EMPLOYEE.—The term ‘employee’
 22 has the meaning given such term by section
 23 2105 of title 5, United States Code.

(1) Section 2201(b) of such Code is amended
by striking “112(c)” both places it appears and in-
serting “112(d)”.

10 "SEC. 112. CERTAIN COMBAT ZONE COMPENSATION OF
11 MEMBERS OF THE ARMED FORCES AND CI-
12 VILIAN EMPLOYEES OF THE UNITED
13 STATES.".

(3) The item relating to section 112 in the table of sections for part III of subchapter B of chapter 1 of such Code is amended to read as follows:

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

•S 3959 IS